

SEC. 628. FLEXIBLE PAYMENT OF ASSIGNMENT INCENTIVE PAY.

(a) Authority to Provide Lump Sum or Installment Payments- Section 307a of title 37, United States Code, is amended--

(1) in subsection (a)--

(A) by striking `monthly'; and

(B) by adding at the end the following new sentence:

`Incentive pay payable under this section may be paid on a monthly basis, in a lump sum, or in installments.';
and

(2) in subsection (b)--

(A) by inserting `(1)' before `The Secretary concerned';

(B) in paragraph (1), as so designated, by striking `incentive pay' in the first sentence and inserting `the payment of incentive pay on a monthly basis'; and

(C) by adding at the end the following new paragraph:

`(2) The Secretary concerned shall require a member performing service in an assignment designated under subsection (a) to enter into a written agreement with the Secretary in order to qualify for the payment of incentive pay on a lump sum or installment basis under this section. The written agreement shall specify the period for which the incentive pay will be paid to the member and, subject to subsection (c), the amount of the lump sum, or each installment, of the incentive pay.'.

(b) Maximum Rate or Amount- Subsection (c) of such section is amended to read as follows:

`(c) Maximum Rate or Amount- (1) The maximum monthly rate of incentive pay payable to a member on a monthly basis under this section is \$3,000.

`(2) The amount of the lump sum payment of incentive pay payable to a member on a lump sum basis under this section may not exceed an amount equal to the product of--

`(A) the maximum monthly rate authorized under paragraph (1) at the time of the written agreement of the member under subsection (b)(2); and

`(B) the number of months in the period for which incentive pay will be paid pursuant to the agreement.

`(3) The amount of each installment payment of incentive pay payable to a member on an installment basis under this section shall be the amount equal to--

`(A) the product of (i) a monthly rate specified in the written agreement of the member under subsection (b)(2) (which monthly rate may not exceed the maximum monthly rate authorized under paragraph (1) at the time of the written agreement), and (ii) the number of months in the period for which incentive pay will be paid; divided by

` (B) the number of installments over such period.

` (4) If a member extends an assignment specified in an agreement with the Secretary under subsection (b), incentive pay for the period of the extension may be paid under this section on a monthly basis, in a lump sum, or in installments in accordance with this section.'.

(c) Repayment- Such section is further amended--

(1) by redesignating subsections (d), (e), and (f) as subsections (e), (f), and (g), respectively; and

(2) by inserting after subsection (c), as amended by subsection (b) of this section, the following new subsection (d):

` (d) Repayment of Incentive Pay- (1) A member who, pursuant to an agreement under subsection (b)(2), receives a lump sum or installment payment of incentive pay under this section and who fails to complete the total period of service or other conditions specified in the agreement voluntarily or because of misconduct, shall refund to the United States an amount equal to the percentage of incentive pay paid which is equal to the unexpired portion of the service divided by the total period of service. The Secretary concerned may waive repayment of an amount of incentive pay under this section, in whole or in part, if the Secretary determines that conditions and circumstances warrant.

` (2) An obligation to repay the United States imposed under paragraph (1) is for all purposes a debt owed to the United States.

` (3) A discharge in bankruptcy under title 11 that is entered less than 5 years after the termination of the agreement does not discharge the member signing the agreement from a debt arising under paragraph (1).'